

The President's Daily Brief

July 3, 1976

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the Director of Central Intelligence

FOR THE PRESIDENT ONLY

LEBANON: Heavy fighting continued yesterday in Beirut. The refugee camp at Tall Zatar held out against sharp attacks by Christian forces.

Christian troops breached the camp's outer defenses, but their offensive was slowed by a Palestinian relief column that moved to within about a mile of Tall Zatar. New defense lines have been established deeper within the 75-acre camp.

The anticipated fall of Tall Zatar is likely to touch off even greater violence. Radical Christians are saying that the remaining refugee camps will be stormed, while the Palestinians vow reprisals.

The German embassy in Beirut has announced plans for an overland convoy to Damascus on July 4. As of yesterday, some 32 Americans and alien dependents had signed up for the convoy.

however, the usual convoy route has been closed.

Arab League Secretary General Riyad and two Arab foreign ministers began meeting with Christian leaders yesterday in Beirut.

The Christians apparently were willing to abide by a cease-fire as of midnight last night, provided all parties agreed to adhere to the 1969 Cairo accords restricting the movement of the Palestinians within Lebanon.

The leftists and Palestinians are said to have agreed to a cease-fire, but have not responded to the Christians' conditions.

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Meanwhile, some Christians are increasingly talking of expelling the Palestinians from Lebanon altogether. Followers of Interior Minister Shamun are considering adopting this position, and Phalanges chief Pierre Jumayyil has publicly advocated the redistribution of Palestinians among the Arab states.

The hardening Christian position will complicate efforts to achieve a cease-fire. The Arab League peace-keeping forces are unlikely to be of much help. The newly arrived Saudi and Sudanese contingents apparently are sticking close to the Beirut airport area.

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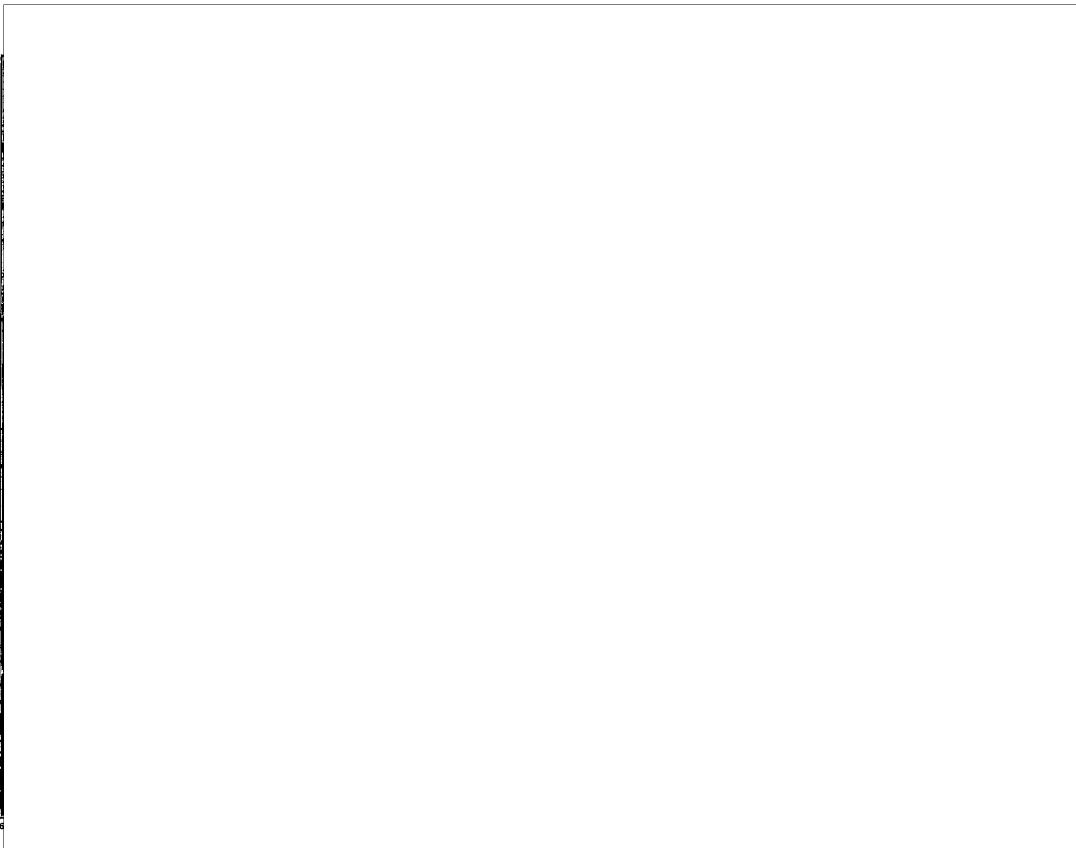
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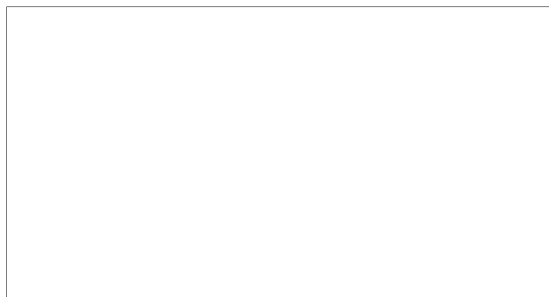
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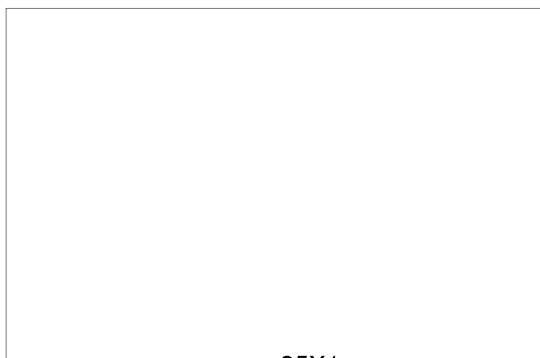
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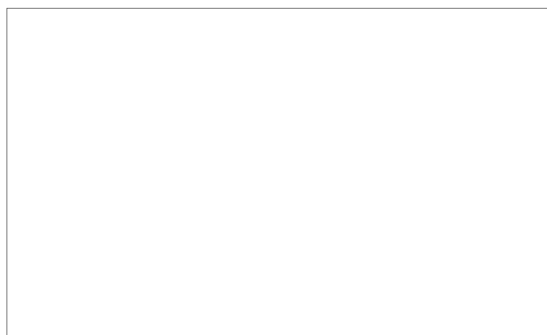
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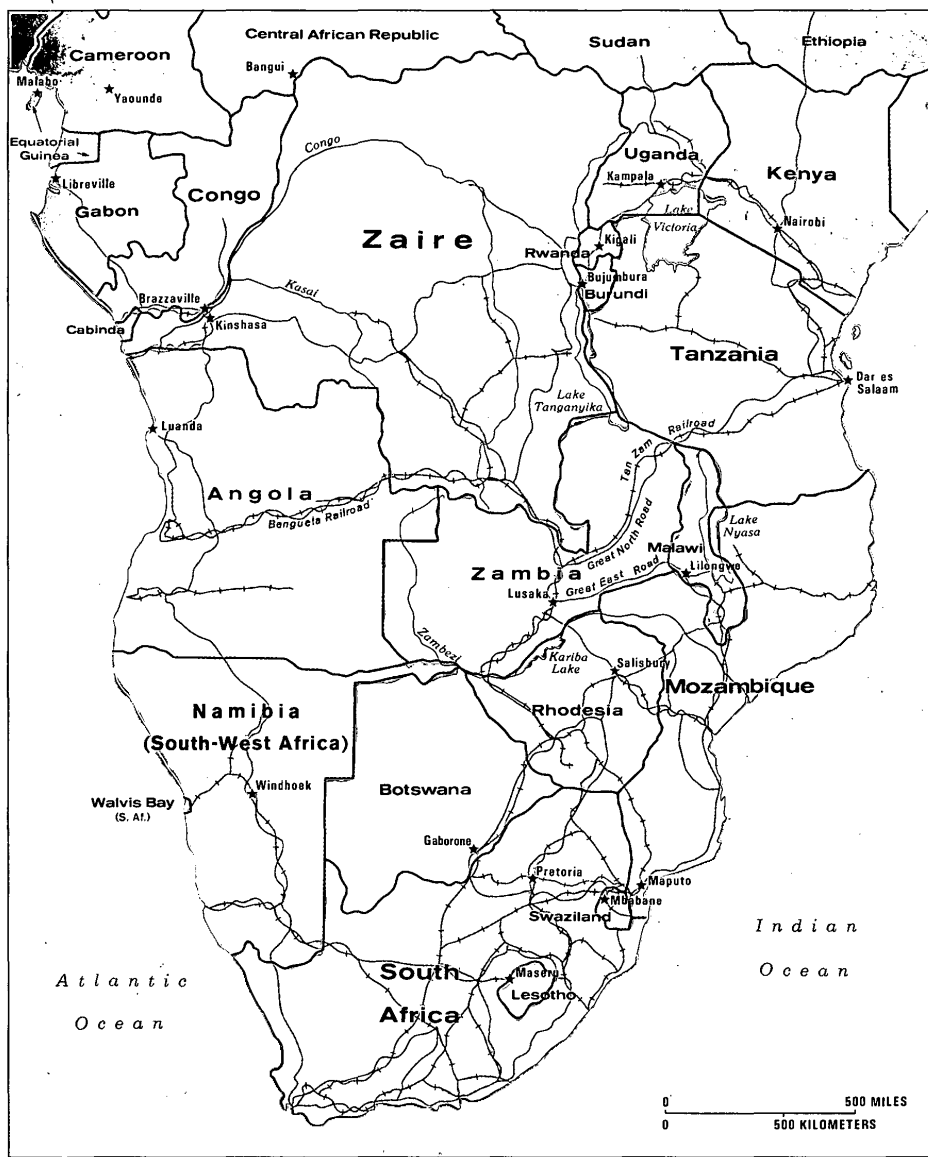


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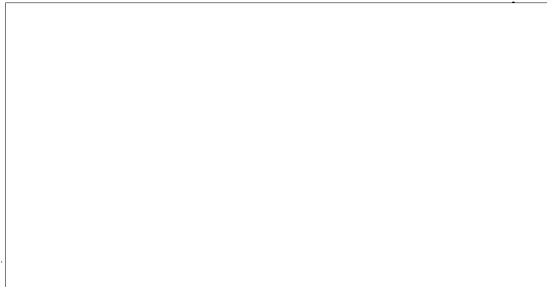
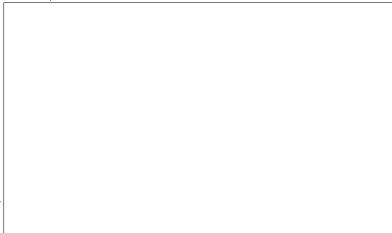
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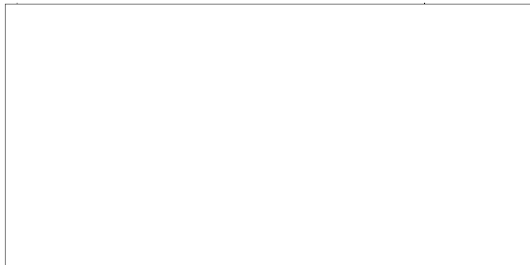
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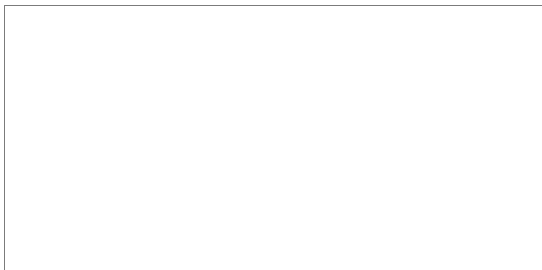
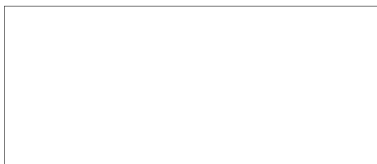


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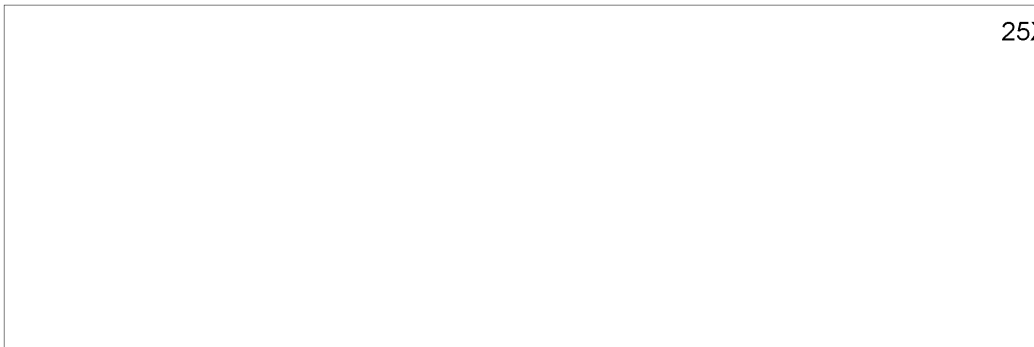
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PERU: *The country was calm but tense yesterday following demonstrations and strikes on Thursday in at least ten cities.*

The government apparently is determined to suppress opposition to its new economic austerity measures. Senior officials are concerned that communists and leftists will try to exploit the situation. Troops have orders to fire on curfew violators and some tanks and armored personnel carriers have been used to reinforce police patrols.

In a bid to reduce discontent over price hikes, the government has announced that it would double the subsidy on basic foodstuffs. Nonetheless, prices for basics will rise substantially.

The most serious potential challenge to the government thus far has been mounted by the nation's truck drivers, who agreed not to purchase gasoline at the new doubled rates. In effect, this decision constitutes a general strike that could have a crippling effect on the country.

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Peru has been purchasing sophisticated weaponry, including Soviet tanks and artillery, for prestige purposes and to bolster its position vis-a-vis Chile. Even so, the fact remains that Peru's defensive requirements do not call for the acquisition of such equipment.

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NOTES

Chinese Nationalist
military authorities
reported that Chinese
forces on the mainland
this morning fired 122-
mm. field artillery
just to the west of the
Nationalist-held island
of Kinmen (Quemoy).

This is the first time in many
years that the Chinese have fired
live rounds at one of the offshore
islands.

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the Chinese do not seem to be in
any position to threaten Kinmen
Island, which has a large number
of Nationalist troops in strong
defensive positions. Peking
doubtless also recognizes the dip-
lomatic risks, especially with
the US, that any attack on Nation-
alist territory would entail.

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In a conciliatory speech
yesterday, Polish party
chief Gierek played down
the seriousness of last
week's disturbances.

Gierek implicitly admitted that
his regime had made a mistake and
promised to consult extensively
with workers on future price changes.
He also said that on the basis of
these discussions, the government
would work out a "modified concep-
tion" of the price changes that
would be presented to the Polish
people "in due time."

If the party carries through on the
promise of genuine and widespread
consultations, it eventually may
recoup some of its authority.
Gierek, however, risks an even fur-
ther erosion of his--and the
party's--credibility if the promise
is empty and the leadership per-
sists in implying that the distur-
bances were minor and that workers
always have been consulted.

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EC interior and justice
ministers this week ap-
proved new measures to
increase cooperation to
combat terrorism and
other forms of organized
international crime.

A consultative mechanism was estab-
lished among ministries responsible
for internal security matters. As
a first step, the ministers agreed:

--to increase the exchange of data
on past incidents;

--to trade information on tactics
and training of internal security
forces;

--to exchange police personnel;

--to facilitate direct police
contacts for dealing with air-
plane hijackings, nuclear secu-
rity problems, and natural and
accidental disasters.

The mechanism was set up outside
the EC treaty framework in part to
meet French objections. Paris has
opposed past EC Commission efforts
to place cooperative undertakings--
the protection of nuclear materials,
for example--on a Community basis,
arguing they essentially involve
police functions that fall outside
the EC's jurisdiction.

* * *

Sudanese President Nu-
mayri seems to have
foiled another coup
attempt by military
elements.

Forces loyal to Numayri had the
situation under control in Khartoum
yesterday and were conducting mop-
ping-up operations in various parts
of the capital, according to the
US embassy. Rebel strength appears
to have been centered in an armored
unit on the outskirts of Khartoum.
We do not yet know the identity
and political views of those behind
the move to oust Numayri.

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The Mexican government's chief concerns in Sunday's presidential election are to avoid an embarrassingly low voter turnout and to head off any disruptive terrorist attempts.

Jose Lopez Portillo, the candidate of the Institutional Revolutionary Party that has governed without interruption for 47 years, is unopposed. The only serious opposition party could not agree on a candidate. Both houses of congress also are up for election.



The 23rd of September Communist League recently has increased its terrorist activities and may stage isolated attacks to try to interfere with the elections. The government will be taking extensive security precautions. The small extremist organization has killed 20 policemen in Mexico City this year.

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Press reports indicate that Israeli security forces killed one Arab boy and wounded between 15 and 30 other Arabs yesterday in Nabulus, the West Bank's largest town.

The violence stemmed from demonstrations protesting the Israeli government's decision to raise taxes in the occupied territory. The demonstrations ended a period of uneasy calm that had prevailed in the West Bank for the past five weeks. The bloodshed is likely to spark more trouble throughout the West Bank.

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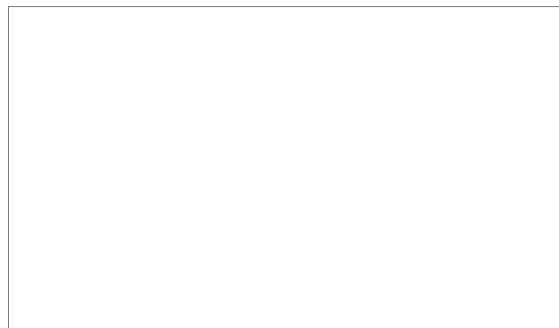
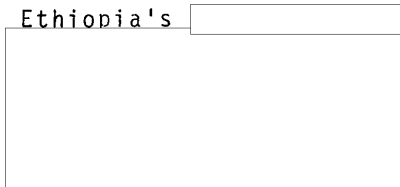
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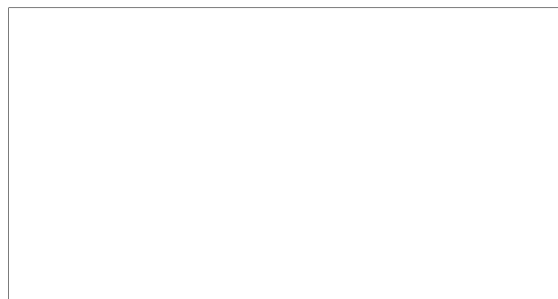
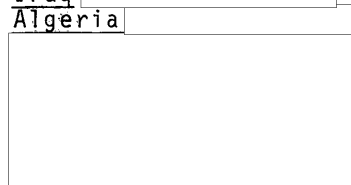
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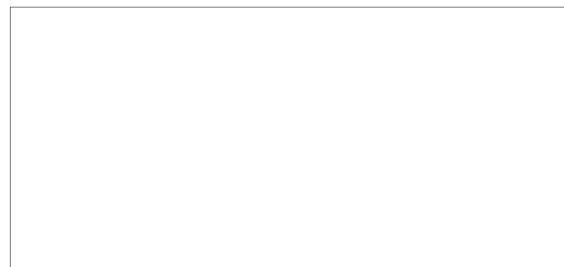
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Iraq

Algeria



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